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# **News Release**

FOR IMMEDIATE RELEASE

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## **Long-time Minnesota Home Builder pleads guilty to \$100 million mortgage fraud, money laundering**

A long-time Minnesota home builder, Parish Marketing and Development Corporation (PMDC), and its owners, pleaded guilty in federal court today to conspiring to commit mortgage fraud and money laundering charges arising from their scheme involving approximately 200 residences and approximately \$100 million in loan proceeds. PMDC and its owners acknowledged obtaining more than \$25 million for PMDC from the scheme.

PMDC, its owners, Michael Alan Parish, 62, and his wife, Ardith Ann Parish, 61, and a PMDC agent, Christopher David Troup, 39, all of Eagan, appeared before Judge Ann D. Montgomery and pleaded guilty to participating in the conspiracy.

According to their pleas, all four defendants acknowledged participating in the mortgage fraud scheme, by which PMDC utilized "straw buyers" to purchase approximately 200 properties built by PMDC, primarily in the New Prague, New Market and Lonsdale area. In total, the scheme obtained nearly \$100 million in loan proceeds, with PMDC receiving in excess of \$25 million from these loan proceeds.

On Sept. 20, 2007, Melissa Smith, of Ohio, appeared in federal court and pleaded guilty to conspiring to commit mortgage fraud. Among other things, Smith admitted to acting as a straw buyer for the scheme, purchasing 46 residences for approximately \$20 million from October 2004 through January 2007.

The four defendants today also acknowledged completing loan applications for the straw purchases, which included false information, executing loan documents in the names of the straw buyers, and manufacturing and providing false documentation, such as false representations of employment and false verifications of deposit, for the straw buyers for purposes of obtaining loan proceeds to purchase the properties from PMDC.

On Sept. 5, 2007, Ramiz Yousef Saadeh, a former US Bank officer, appeared in federal court and pleaded guilty to conspiring to commit mortgage fraud. Among other things, Saadeh admitted providing false verifications of deposit to the home builder on behalf of straw buyers.

The four defendants today also admitted providing false information that resulted in appraisals that overstated the amount for which the residences could have been sold at the time of the transaction in a normal, arms-length transaction. These appraisals supported a higher sales price to the straw buyers, allowing PMDC to obtain additional funds from the loan proceeds.

On Oct. 11, 2007, Donald Todd Yeager, of Oklahoma, appeared in federal court and pleaded guilty to honest services fraud. Among other things, Yeager admitted providing misleading and inflated appraisals to the home builder.

The four defendants today also admitted that the straw buyers did not view the residences they were purchasing, did not negotiate the purchase price of the residences, and, often times, did not execute the sales documents and loan documentation, which were instead signed by the defendants pretending to be the straw buyers.

On Sept. 7, 2007, Kristopher Kenton Robbins, a closing agent and licensed notary public, appeared in federal court and pleaded guilty to conspiring to commit mortgage fraud. Among other things, Robbins admitted allowing signatures of the straw buyers to be signed by others.

Pursuant to the scheme, the four defendants admitted that the straw buyers – the nominal owners of the residences – made no payments on the mortgages that were taken out in their names. Instead, PMDC made all payments or allowed mortgages to go into foreclosure. Often times, PMDC utilized proceeds from the sale of one residence to a straw buyer to make monthly payments for the mortgages held on other residences in the names of other straw buyers.

In addition to the mortgage fraud conspiracy count, PMDC, Michael Parish and Troup also pleaded guilty to a money laundering count.

According to the terms of the plea agreements, the defendants will be sentenced based on determinations made by the court regarding the full extent of loss, the number of victims and the defendants' respective roles in the scheme. Pursuant to the terms of the plea agreements, the government contends the scheme may have resulted in a loss of as much as \$50 million (depending on the value of the residences) and has 50 or more victims.

According to the plea agreements, depending on the determinations made by the court, the federal sentencing guidelines call for a sentence of between 11 and 14 years imprisonment for Michael Parish, a sentence of between nine and 11 years imprisonment for Troup, and five years imprisonment for Ardith Parish, who was deemed to be a minor participant.

Pursuant to the plea agreements, the government will also seek an order of full restitution for the victims of the fraud.

During the hearing today, the government noted that the investigation – which has now resulted in guilty pleas from the home builder and seven individuals in the past eight weeks – has progressed extremely rapidly in an effort to address the impact of the fraud on the community. The government and the defendants indicated that they would jointly seek the appointment of a receiver to assist in the maximization of the value of the properties and PMDC's assets so as to minimize the impact on the community and the losses to the victims.

This case is the result of an investigation by the Federal Mortgage Fraud Task Force,

including the Internal Revenue Service-Criminal Investigations Division, and the Federal Bureau of Investigation. The investigation has been assisted by the Minnesota Department of Commerce, the Scott County Sheriff's Office, the Rice County Sheriff's Office, the Le Sueur County Sheriff's Office, and the New Prague Police Department. The case is being prosecuted by Assistant U.S. Attorney Joe Dixon.